

FEDERAL RESERVE SYSTEM

United Bankshares, Inc.  
Charleston, West Virginia

Order Approving the Acquisition of a Bank Holding Company, the Merger of Banks, and  
the Establishment of Branches

United Bankshares, Inc. (“UBI”), Charleston, West Virginia, and its subsidiary, UBV Holding Company, LLC (“UBV”, and together with UBI, “United”), Fairfax, Virginia, both bank holding companies within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),<sup>1</sup> have requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to acquire Cardinal Financial Corporation (“Cardinal”) and thereby indirectly acquire Cardinal Bank, both of McLean, Virginia.

In addition, United’s subsidiary state member bank, United Bank (“United Bank-Virginia”), Fairfax, Virginia, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”) to merge with Cardinal Bank, with United Bank-Virginia as the surviving entity.<sup>3</sup> United Bank-Virginia also has applied under section 9 of the Federal Reserve Act (“FRA”) to establish and operate branches at the main office and branches of Cardinal Bank.<sup>4</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (81 Federal Register 74803 (October 27, 2016)).<sup>5</sup> The time for submitting comments has expired, and the Board has considered the

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<sup>1</sup> 12 U.S.C. § 1841 et seq.

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> 12 U.S.C. § 1828(c).

<sup>4</sup> 12 U.S.C. § 321. These locations are listed in the Appendix.

<sup>5</sup> 12 CFR 262.3(b).

proposal and all comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation (“FDIC”).

UBI, with consolidated assets of approximately \$14.3 billion, is the 99th largest insured depository organization in the United States.<sup>6</sup> UBI controls approximately \$10.6 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>7</sup> UBI controls two subsidiary banks, United Bank-Virginia and United Bank, Inc. (“United Bank-West Virginia”), Parkersburg, West Virginia,<sup>8</sup> which operate in the District of Columbia, Maryland, Ohio, Pennsylvania, Virginia, and West Virginia. UBI is the 10th largest insured depository organization in the District of Columbia, controlling deposits of approximately \$1.1 billion in the District of Columbia, which represent 2.4 percent of the total deposits of insured depository institutions in that jurisdiction. In addition, UBI is the 18th largest insured depository organization in Maryland, controlling deposits of approximately \$761.1 million in Maryland, which represent 0.6 percent of the total deposits of insured depository institutions in that state, and the 8th largest insured depository organization in Virginia, controlling deposits of approximately \$4.1 billion in Virginia, which represent 1.5 percent of the total deposits of insured depository institutions in that state.

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<sup>6</sup> National asset data, market share, and ranking data are as of September 30, 2016, unless otherwise noted. State asset data, market share, and ranking data are as of June 30, 2016, unless otherwise noted.

<sup>7</sup> In this context, insured depository institutions include commercial banks, credit unions, savings associations, and savings banks.

<sup>8</sup> United Bank-Virginia is a wholly owned subsidiary of UBV, and UBV is a wholly owned subsidiary of UBI. UBI controls United Bank-West Virginia, a state member bank, through a separate mid-tier holding company, UBC Holding Company, Inc., Charleston, West Virginia.

Cardinal, with consolidated assets of approximately \$4.2 billion, is the 228th largest insured depository organization in the United States. Cardinal controls approximately \$3.2 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Cardinal controls Cardinal Bank, which operates in the District of Columbia, Maryland, and Virginia. Cardinal is the 19th largest insured depository organization in the District of Columbia, controlling deposits of approximately \$133.8 million in the District of Columbia, which represent 0.3 percent of the total deposits of insured depository institutions in that jurisdiction. In addition, Cardinal is the 43rd largest insured depository organization in Maryland, controlling deposits of approximately \$188.6 million in Maryland, which represent 0.2 percent of the total deposits of insured depository institutions in that state, and the 10th largest insured depository organization in Virginia, controlling deposits of approximately \$3.0 billion in Virginia, which represent 1.1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, UBI would become the 86th largest insured depository organization in the United States, with consolidated assets of approximately \$18.6 billion, which represent less than 1 percent of the total assets of insured depository institutions in the United States. UBI would control consolidated deposits of approximately \$13.8 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In the District of Columbia, UBI would become the 9th largest insured depository organization, controlling deposits of approximately \$1.2 billion in the District of Columbia, which represent 2.7 percent of the total deposits of insured depository institutions in that jurisdiction. In Maryland, UBI would become the 16th largest insured depository organization, controlling deposits of approximately \$949.7 million in Maryland, which represent 0.7 percent of the total deposits of insured depository institutions in that state. In Virginia, UBI would become the 7th largest insured depository organization, controlling deposits of approximately \$7.1 billion in Virginia, which represent 2.6 percent of the total deposits of insured depository institutions in that state.

## Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.<sup>9</sup> Under this section, the Board may not approve an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>10</sup> In addition, the Board may not approve an interstate application if the bank holding company controls, or would upon consummation of the proposed transaction control, more than 10 percent of the total deposits of insured depository institutions in the United States<sup>11</sup> or, in certain circumstances, if the bank holding company would upon consummation control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.<sup>12</sup>

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<sup>9</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>10</sup> 12 U.S.C. § 1842(d)(1)(B).

<sup>11</sup> Similarly, the Bank Merger Act provides that, in general, the Board may not approve a bank merger if the transaction involves insured depository institutions with different home states and the resulting bank would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1828(c)(13). For purposes of the Bank Merger Act, the home state of both United Bank-Virginia and Cardinal Bank is Virginia. 12 U.S.C. § 1828(c)(13)(C)(ii)(II). Accordingly, the deposit cap requirement of the Bank Merger Act does not apply to the proposed bank merger.

<sup>12</sup> 12 U.S.C. § 1842(d)(2)(A) and (B). The acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

For purposes of the BHC Act, the home state of UBI is West Virginia, and the home state of both UBV and Cardinal Bank is Virginia.<sup>13</sup> Cardinal Bank is also located in the District of Columbia and Maryland. UBI and UBV are well capitalized and well managed under applicable law, and United Bank-Virginia has an “Outstanding” Community Reinvestment Act (“CRA”)<sup>14</sup> rating. There are no minimum age requirements under the laws of the District of Columbia, Maryland, or Virginia that would apply to United’s acquisition of Cardinal, and Cardinal Bank has been in existence for more than five years.<sup>15</sup>

On consummation of the proposed transaction, UBI would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. In addition, the combined organization would control less than 30 percent of the total amount of deposits of insured depository institutions in the District of Columbia, Maryland, and Virginia, the only states in which United and Cardinal have overlapping banking operations. The Board has considered all other requirements under section 3(d) of the BHC Act, including United’s record of meeting the convenience and needs of the communities it serves. Accordingly, in light of all the facts of record, the Board may approve the proposal under section 3(d) of the BHC Act.<sup>16</sup>

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<sup>13</sup> See 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. A state bank’s home state is the state in which the bank is chartered.

<sup>14</sup> 12 U.S.C. § 2901 *et seq.*

<sup>15</sup> See D.C. Code § 26-737; Md. Code Ann., Fin. Inst. §§ 5-901 to 5-910; Va. Code Ann. § 6.1-44.18.

<sup>16</sup> Section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (“Riegle-Neal Act”) permits the Board, in certain circumstances, to approve interstate merger transactions that would otherwise be prohibited under state law. 12 U.S.C. § 1831u(a)(1). For purposes of the Riegle-Neal Act, an “interstate merger transaction” is one in which the insured banks proposing to merge have different home states. See 12 U.S.C. § 1831u(g)(4) and (6). The home state of both United Bank-Virginia and Cardinal Bank is Virginia; therefore, section 102 of the Riegle-Neal Act does not apply to the proposed bank merger. *Id.*

## Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market. Both statutes also prohibit the Board from approving a proposal that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>17</sup>

UBI and Cardinal have subsidiary depository institutions that compete directly in the Washington, District of Columbia, banking market (“Washington market”) and the Fredericksburg, Virginia, banking market (“Fredericksburg market”).<sup>18</sup> The Board has considered the competitive effects of the proposal in these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets; the relative shares of total deposits in insured depository institutions in the markets (“market deposits”) that UBI would control;<sup>19</sup> the concentration levels of market deposits and the increase in these levels, as

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<sup>17</sup> 12 U.S.C. § 1842(c)(1) and 1828(c)(5).

<sup>18</sup> The Washington market is defined as the District of Columbia; Calvert, Charles, Frederick, Montgomery, and Prince George’s counties, all in Maryland; District 7 in Anne Arundel County, Maryland; the Clarksville and Savage districts in Howard County, Maryland; Arlington, Culpeper, Fairfax, Fauquier, Loudoun, Prince William, Rappahannock, Stafford, and Warren counties in Virginia; the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, all in Virginia; and Jefferson County, West Virginia. The Fredericksburg market is defined as the city of Fredericksburg, Virginia; and Caroline, King George, Orange, Spotsylvania, and Westmoreland counties, all in Virginia.

<sup>19</sup> Deposit and market share data are as of June 30, 2016, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989) and National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market

measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);<sup>20</sup> and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines for the Washington and Fredericksburg markets. On consummation of the proposal, the Washington market would remain unconcentrated and the Fredericksburg market would remain moderately concentrated, as measured by the HHI. The change in the HHI in these markets would be small, and numerous competitors would remain in the markets.<sup>21</sup>

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share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

<sup>20</sup> Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at [www.justice.gov/opa/pr/2010/August/10-at-938.html](http://www.justice.gov/opa/pr/2010/August/10-at-938.html).

<sup>21</sup> UBI operates the 8th largest depository institution in the Washington market, controlling approximately \$5.5 billion in deposits, which represent approximately 2.9 percent of market deposits. Cardinal operates the 11th largest depository institution in the same market, controlling deposits of approximately \$3.2 billion, which represent 1.7 percent of market deposits. On consummation of the proposed transaction, UBI would become the 7th largest depository organization in the market, controlling deposits of approximately \$8.7 billion, which represent approximately 4.6 percent of market deposits. The HHI for the Washington market would increase by 10 points to 995, and 81 competitors would remain in the market.

UBI operates the 9th largest depository institution in the Fredericksburg market, controlling approximately \$55.4 million in deposits, which represent approximately 1.8 percent of market deposits. Cardinal operates the 10th largest depository institution in the same market, controlling deposits of approximately \$43.9 million, which represent 1.4 percent of market deposits. On consummation of the proposed transaction, UBI

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market, including the Washington and Fredericksburg markets. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Washington or Fredericksburg banking markets or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

#### Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under the BHC Act and the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.<sup>22</sup> In its evaluation of the financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance, as well as public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively

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would become the 8th largest depository organization in the market, controlling deposits of approximately \$99.3 million, which represent approximately 3.2 percent of market deposits. The HHI for the Fredericksburg market would increase by 5 points to 1749, and 16 competitors would remain in the market.

<sup>22</sup> 12 U.S.C. §§ 1842(c)(2), (5), and (6); and 1828(c)(5) and (11).

the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

UBI and Cardinal are well capitalized, and the combined entity would remain so on consummation of the proposed transaction. The proposed transaction is a bank holding company merger that is structured as a share exchange, with a subsequent merger of United Bank-Virginia and Cardinal Bank.<sup>23</sup> The asset quality, earnings, and liquidity of United Bank-Virginia and Cardinal Bank are consistent with approval, and United appears to have adequate resources to absorb the costs of the proposal and to complete integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of United, Cardinal, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by United; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

UBI, UBV, Cardinal, and their subsidiary depository institutions are considered to be well managed. United has a record of successfully integrating organizations into its operations and risk-management systems after acquisitions. United's directors and senior executive officers have knowledge of and experience in the

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<sup>23</sup> Applicants would merge Cardinal with and into UBV (with UBV as the survivor). At the time of the merger, each share of Cardinal common stock would be converted into a right to receive UBI common stock, based on an exchange ratio; holders of fractional shares would be entitled to a cash equivalent. United has the financial resources to fund the cash portion of the exchange.

banking and financial service sectors, and United's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered United's plans for implementing the proposal. United has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-integration process for this proposal. With certain exceptions, United would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, United's management has the experience and resources to operate the combined organization in a safe and sound manner, and United plans to integrate Cardinal's existing management and personnel in a manner that augments United's management.<sup>24</sup>

Based on all the facts of record, including United's supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as the records of effectiveness of United and Cardinal in combatting money-laundering activities, are consistent with approval.

#### Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>25</sup> In its evaluation of the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve,

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<sup>24</sup> On consummation, the UBI board of directors would be increased by one, and an individual currently serving as an executive director on the board of directors of Cardinal and Cardinal Bank would serve on the UBI board. Additionally, the United Bank-Virginia board of directors would be increased by two individuals that would be chosen by Cardinal.

<sup>25</sup> 12 U.S.C. §§ 1842(c)(2) and 1828(c)(5).

as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation,<sup>26</sup> and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.<sup>27</sup>

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of United Bank-Virginia and Cardinal Bank; the fair lending and compliance records of both banks; the supervisory views of the FDIC; confidential supervisory information; information provided by United; and the public comments received on the proposal.

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<sup>26</sup> 12 U.S.C. § 2901(b).

<sup>27</sup> 12 U.S.C. § 2903.

*Public Comments Regarding the Proposal*

The Board received comments from two commenters opposing the proposal.<sup>28</sup> Both commenters objected to the proposal on the basis of alleged disparities in the number of residential real estate loans made to minority borrowers, as compared to white borrowers, by United Bank-Virginia in the Washington, District of Columbia, Metropolitan Statistical Area (“Washington MSA”), as reflected in data reported under the Home Mortgage Disclosure Act (“HMDA”)<sup>29</sup> for the years 2013 through 2015. One commenter also asserted that, in the Washington MSA, United Bank-Virginia made a disproportionately low number of home purchase loans to majority-minority and LMI census tracts, and United Bank-West Virginia made a disproportionately low number of home purchase loans to LMI borrowers, as reported under HMDA for 2013 through 2015. Additionally, a commenter criticized the rate at which George Mason Mortgage, LLC (“George Mason”), a subsidiary of Cardinal Bank, denied applications by African Americans and Hispanics, compared to the rate of denials for whites, for conventional home purchase loans in the Washington MSA, as reported under HMDA for 2015.

One commenter also generally alleged that United Bank-Virginia and United Bank-West Virginia have inadequate records of helping to meet the convenience and needs of the communities where they do business because United Bank-Virginia received a “Low Satisfactory” rating on its Service Test in the Commonwealth of

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<sup>28</sup> One commenter requested that the Board not approve the proposal until United enters into a community benefits plan that outlines how the bank plans to help meet the convenience and needs of the communities it serves. The Board has consistently found that neither the CRA nor the federal banking agencies’ CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any organizations. *See, e.g., Huntington Bancshares Inc.*, FRB Order No. 2016-13 at 32 n.50 (July 29, 2016); *CIT Group, Inc.*, FRB Order No. 2015-20 at 24 n.54 (July 19, 2015); *Citigroup Inc.*, 88 Federal Reserve Bulletin 485 (2002); *Fifth Third Bancorp*, 80 Federal Reserve Bulletin 838, 841 (1994). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas.

<sup>29</sup> 12 U.S.C. § 2801 *et seq.*

Virginia and United Bank-West Virginia received a “Low Satisfactory” rating on its Investment Test for the overall bank and in the Wheeling, West Virginia-Ohio Multistate Metropolitan Statistical Area, the State of West Virginia, and the Commonwealth of Pennsylvania, in the banks’ most recent CRA examinations, both as of 2015.

*Business of the Involved Institutions and Response to Comments*

United Bank-Virginia offers a broad range of retail and commercial banking products and services to consumers and businesses. Through its network of 54 branches located in the District of Columbia, Maryland, and Virginia, United Bank-Virginia offers a variety of banking products, including commercial, residential, agricultural, and consumer loans.

Cardinal Bank offers a similar range of retail and commercial products through 29 branches located in the District of Columbia, Maryland, and Virginia. Its products include checking and savings accounts, certificates of deposit, residential mortgages, treasury management services, commercial and consumer loans, and brokerage services. Cardinal Bank also provides residential mortgages through its subsidiary, George Mason.

In response to the comments, United represents that United Bank-Virginia and Cardinal Bank are currently meeting the credit needs of their communities, including LMI and minority individuals, that the proposal would benefit the existing customers of both United Bank-Virginia and Cardinal Bank, and that the combined institution would continue to meet the credit needs of its entire community following consummation of the proposal. United represents that both United Bank-Virginia and Cardinal Bank have instituted policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations.

With respect to United Bank-Virginia’s lending in the Washington MSA, United represents that it has taken a number of steps, including creating a position solely dedicated to its fair lending program, to better serve minority communities. United also notes that United Bank-Virginia’s record of lending in the Washington MSA shows a

positive trend in the number of home purchase loans located in majority-minority census tracts. Additionally, United notes that, when United Bank-Virginia's lending in all HMDA categories is considered, the bank outperformed peer lenders in lending in LMI areas in 2014. United also asserts that the housing market is relatively expensive in the Washington MSA, which hinders the ability of low-income borrowers to purchase homes in the area, meaning that United Bank-Virginia has few potential low-income mortgage customers. In addition, United represents that a substantial amount of its small business lending within the Washington MSA is made to businesses located in majority-minority census tracts.

United argues that United Bank-Virginia's overall CRA rating of "Outstanding" and United Bank-West Virginia's overall CRA rating of "Satisfactory" are consistent with approval, notwithstanding the specific ratings noted by a commenter. United notes that United Bank-Virginia received an overall bankwide "High Satisfactory" rating on the Service Test and that, in the Commonwealth of Virginia, examiners found that the bank's delivery systems and branch locations were accessible to all segments of the assessment areas and that the bank had an adequate level of participation in qualified community development services that generally benefit affordable housing and micro-enterprise development.

With respect to a commenter's allegation regarding United Bank-West Virginia's record of lending to LMI individuals within the Washington MSA, United notes that United Bank-West Virginia outperformed peer lenders, when considering all categories of HMDA loans, in LMI areas within the Washington MSA. Additionally, United notes that United Bank-West Virginia's distribution of HMDA loans by level of borrower income for the years 2013 through 2015 was similar to that of the aggregate of lenders in the Washington MSA, and that the bank's lending to LMI borrowers in the Washington MSA as reported in 2015 HMDA data outperformed peer lenders.

In response to one commenter's criticism of United Bank-West Virginia's "Low Satisfactory" CRA rating on the Investment Test for the overall bank and in several of the bank's assessment areas, United notes that United Bank-West Virginia has

significantly increased its level of community development investment since the bank's most recent CRA examination. United also represents that United Bank-West Virginia is taking steps to improve its investment performance in Pennsylvania and West Virginia, including creating new partnerships with community development finance institutions, starting a relationship with a company that is awaiting a Small Business Investment Company designation from the United States Small Business Administration, and making an investment in a school district in which a majority of students qualify for a free or reduced-price lunch.

With respect to George Mason's lending in the Washington MSA, United represents that George Mason outperformed peer lenders in lending in LMI areas. Additionally, United asserts that George Mason conducts various activities that are focused on serving minority and LMI communities, including marketing and outreach to historically underserved neighborhoods and populations; periodic reviews of George Mason's policies, procedures, and lending outcomes to ensure that lender discretion is clearly outlined and to confirm compliance with fair lending laws; and community outreach efforts to support lending in LMI and minority areas. United represents that George Mason's fair lending policies with respect to first mortgage lending would be adopted in the combined entity.

*Records of Performance under the CRA*

As indicated above, in evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the applicant's response to comments. In particular, the Board evaluates an institution's performance in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions, as well as information and views provided by the appropriate federal supervisors.<sup>30</sup> In this case, the Board considered the supervisory views of its supervisory

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<sup>30</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

staff and of examiners from the Federal Reserve Bank of Richmond (“Reserve Bank”) and the FDIC.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution’s record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>31</sup> An institution’s most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution’s primary federal supervisor of the institution’s overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution’s home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution’s data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution’s lending activities with respect to borrowers and geographies of different income levels. The institution’s lending performance is based on a variety of factors, including (1) the number and amount of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution’s assessment areas; (2) the geographic distribution of the institution’s lending in its assessment areas and the number and amount of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amount of

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<sup>31</sup> 12 U.S.C. § 2906.

loans to low-, moderate-, middle-, and upper-income individuals;<sup>32</sup> (4) the institution's community development lending, including the number and amount of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.<sup>33</sup> Consequently, HMDA data must be evaluated in the context of other information regarding the lending record of an institution.

#### *CRA Performance of United Bank-Virginia*

United Bank-Virginia was assigned an overall rating of "Outstanding" at its most recent CRA performance evaluation by the Reserve Bank, as of October 19, 2015 ("United Bank-Virginia Evaluation").<sup>34</sup> The bank received an "Outstanding" rating for

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<sup>32</sup> Examiners also consider the number and amount of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

<sup>33</sup> Other data relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

<sup>34</sup> The United Bank-Virginia Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed home mortgage loans reported, pursuant to HMDA, and small business and small farm loans reported under CRA data collection requirements for 2013 and 2014. The evaluation period for community development lending, investments, and services was June 4, 2013, through October 19, 2015.

The United Bank-Virginia Evaluation included full-scope evaluations of the Washington-Baltimore-Arlington, D.C.-Maryland-Virginia-West Virginia-Pennsylvania, Combined Statistical Area ("Washington CSA") and the Harrisonburg-Staunton-

the Lending Test, and “High Satisfactory” ratings for both the Investment Test and the Service Test.

Examiners concluded that the bank’s overall lending activity was excellent relative to the bank’s capacity to lend and the economic conditions within the bank’s market areas. Examiners noted that a substantial majority of the bank’s loans were made to borrowers within its assessment areas. Overall, examiners found that the geographic distribution of the bank’s loans reflected good penetration throughout its assessment areas and that the distribution of its borrowers reflected good penetration among borrowers of different income levels and businesses of different sizes. Additionally, examiners found that United Bank-Virginia was a leader in community development lending.

In the Washington, D.C., assessment area, an area of concern for the commenters, United Bank-Virginia’s performance under the Lending Test was rated “Outstanding.” Examiners found that the bank’s lending activity in the assessment area was consistent with the bank’s capacity and helped to meet identified community credit needs. Additionally, examiners found that the geographic distribution of the bank’s loans in the Washington, D.C., assessment area was excellent, while the overall borrower distribution was good. Examiners also noted that United Bank-Virginia was a leader in providing community development loans in the assessment area.

In the Commonwealth of Virginia, another area of concern to a commenter, United Bank-Virginia’s performance under the Lending Test was rated “High Satisfactory.” Examiners found that the bank’s lending activity within the statewide market was consistent with the bank’s capacity and that the bank offered a broad range of loan products to meet the needs of the statewide area. Examiners also noted that the bank’s borrower distribution throughout the state was good and the geographic distribution of its loans was adequate.

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Waynesboro, Virginia, CSA. Limited scope evaluations were performed in the Charlottesville, Virginia, MSA and in Shenandoah County, Virginia.

With respect to the Investment Test, examiners found that the bank had a high level of participation in community development investments, showing responsiveness to community credit needs. Examiners noted that the bank made a number of investments to support affordable housing initiatives, as well as charitable donations to a variety of community development organizations that facilitate small business development, revitalize or stabilize LMI geographies, and focus on local job creation within the bank's assessment areas. In both the Washington, D.C., assessment area and Virginia, United Bank-Virginia's performance under the Investment Test was rated "High Satisfactory." Examiners in both areas found that the bank maintained a significant level of qualified investments that benefit the bank's market areas.

Examiners found United Bank-Virginia's delivery systems and branch locations to be accessible to all segments of the bank's assessment areas. Examiners noted that branch closings by the bank had not adversely affected LMI neighborhoods. Additionally, examiners noted that the bank engaged in a high level of community development services within its primary market areas. Overall, examiners noted that the bank showed a high level of support for affordable housing efforts, community services, and economic development within its assessment areas.

In the Washington, D.C., assessment area, examiners rated United Bank-Virginia's performance on the Service Test as "High Satisfactory." Examiners noted that the bank's delivery systems and branch locations were accessible to all segments of the assessment area and that the bank had a relatively high level of participation in qualified community development services benefiting the assessment area.

In Virginia, United Bank-Virginia's performance on the Service Test was rated as "Low Satisfactory." Examiners found that the bank's delivery systems in Virginia were reasonably accessible to all portions of United Bank-Virginia's market areas and to people of various income levels. Additionally, examiners noted that the products and services offered by United Bank-Virginia within Virginia were representative of those offered by the institution overall and that the bank's employees

participated in an adequate level of community development activities involving the provision of financial expertise to organizations assisting in small business funding.

*United Bank-Virginia's Efforts since the 2015 CRA Evaluation*

United represents that United Bank-Virginia has taken steps to further strengthen its CRA performance since the United Bank-Virginia Evaluation. United Bank-Virginia asserts that it has continued to offer several special loan programs throughout its assessment areas that benefit LMI borrowers, small businesses, affordable housing projects, and other community development initiatives. Additionally, United Bank-Virginia represents that it has increased the number and dollar amount of donations to community development activities and social service organizations in its assessment areas, and that the bank's employees have volunteered by teaching financial literacy to students at 75 local schools.

*CRA Performance of United Bank-West Virginia*

United Bank-West Virginia received a "Satisfactory" CRA performance rating on its most recent CRA examination by the Reserve Bank, as of October 19, 2015 ("United Bank-West Virginia Evaluation").<sup>35</sup> The bank received ratings of "High

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<sup>35</sup> The United Bank-West Virginia Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed home mortgage loans reported, pursuant to HMDA, and small business and small farm loans reported under CRA data collection requirements for 2013 and 2014. Examiners reviewed qualified community development loans that were originated from June 3, 2013, through October 19, 2015. The evaluation period for investments and services was June 3, 2013, through October 19, 2015.

The United Bank-West Virginia Evaluation included full-scope evaluations of the Washington CSA; the Wheeling, West Virginia-Ohio, CSA ("Wheeling assessment area"); the Charleston-Huntington-Ashland, West Virginia-Ohio-Kentucky, CSA; the Morgantown, West Virginia, MSA; the Braxton, West Virginia, nonmetropolitan statistical area; and the Pittsburgh, Pennsylvania, MSA. Limited scope evaluations were performed in the Beckley, West Virginia, MSA; the Parkersburg-Marietta-Vienna, West Virginia-Ohio, MSA; the Weirton-Steubenville, West Virginia-Ohio, MSA; and the Jackson, West Virginia, nonmetropolitan statistical area.

Satisfactory” for the Lending Test, “Low Satisfactory” for the Investment Test, and “Outstanding” for the Service Test.

Examiners found that United Bank-West Virginia’s overall lending levels were consistent with the bank’s capacity and market presence. According to examiners, a high percentage of the institution’s reported HMDA and small business loans was originated within the bank’s assessment areas. Additionally, examiners noted that the geographic distribution of the bank’s lending was excellent overall. Examiners also found that the bank’s borrower distribution performance was good overall.

In the Washington, D.C., assessment area, Wheeling assessment area, the State of West Virginia, and the Commonwealth of Pennsylvania, examiners rated United Bank-West Virginia’s performance on the Lending Test as “High Satisfactory.” In the Washington, D.C., assessment area, examiners found that the bank’s lending activity was consistent with the bank’s capacity and helped to meet identified community credit needs. Additionally, examiners noted that the geographic distribution of the bank’s lending was excellent, while the borrower distribution of loans was good. Examiners also noted that the bank originated a relatively high level of community development loans.

In the Wheeling assessment area, examiners found that the bank’s lending activity was good and consistent with the bank’s capacity and that it helped to meet identified credit needs. Examiners noted that the geographic and borrower lending distributions within the assessment area was good for each lending product reviewed. Additionally, examiners found that the bank originated an adequate level of community development loans within the assessment area.

In West Virginia and Pennsylvania, examiners found that the bank’s lending activity in both states was consistent with the bank’s capacity and that the bank offered a broad spectrum of loan products in an effort to meet local credit needs. Examiners noted that the geographic distribution of the bank’s lending within the states was excellent and adequate, respectively, while borrower lending distribution was good.

Additionally, examiners found that the bank was a leader in providing community development loans within the states.

As noted, United Bank-West Virginia's overall performance under the Investment Test was rated "Low Satisfactory." Examiners noted that the bank maintained an adequate level of qualified community development investments when considering the available opportunities for such investments. Examiners also noted that the bank had made charitable donations supporting organizations whose operations primarily support LMI individuals.

Examiners rated United Bank-West Virginia's performance under the Investment Test as "High Satisfactory" within the Washington, D.C., assessment area. Examiners found that the bank's level of qualified investments maintained good responsiveness in the assessment area. In the Wheeling assessment area, the State of West Virginia, and the Commonwealth of Pennsylvania, examiners rated the bank's performance under the Investment Test as "Low Satisfactory." In each of these geographical areas, examiners found that the bank maintained an adequate level of qualified investments.

Examiners found that United Bank-West Virginia's delivery systems and branch locations were readily accessible to all segments of the bank's assessment areas. Additionally, examiners noted that the bank was a leader in supporting community development services throughout its assessment areas.

In the Washington, D.C., assessment area and the Wheeling assessment area, examiners rated United Bank-West Virginia's performance in the Service Test as "High Satisfactory." Examiners noted that, in both areas, the bank's delivery systems and branch locations were readily accessible to all segments of the assessment area and that the bank had an adequate level of participation in qualified community development services benefiting the assessment area. In West Virginia, examiners rated the bank's performance in the Service Test as "Outstanding." Examiners found that the bank's delivery systems and branch locations were readily accessible to all segments of the bank's assessment area within the state. Additionally, examiners noted that the bank was

a leader within its market areas in the state in providing community development services. In Pennsylvania, examiners rated the bank's performance in the Service Test as "High Satisfactory." Examiners found that the bank's delivery systems and branch locations were accessible to all segments of the bank's assessment area within the state. Additionally, examiners noted that the bank and its employees participated in a relatively high level of community development activities.

*United Bank-West Virginia's Efforts since the 2015 CRA Evaluation*

United represents that, since the United Bank-West Virginia Evaluation, the bank has significantly increased its community development investment levels. As noted, United Bank-West Virginia has formed partnerships in West Virginia to explore new investment opportunities and has made, or is in the process of finalizing, investments in West Virginia to support rural health development and in Pennsylvania to support the education of local LMI students.

*CRA Performance of Cardinal Bank*

Cardinal Bank received an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of September 28, 2015 ("Cardinal Bank Evaluation").<sup>36</sup> The bank received "High Satisfactory" ratings for the Lending Test, the Investment Test, and the Service Test.

Examiners found that the bank's overall lending levels reflected good responsiveness to credit needs in its assessment area. Examiners noted that a substantial majority of the bank's loans were made to borrowers within its assessment area. Overall, examiners found that the geographic distribution of the bank's loans reflected adequate penetration throughout the assessment area. Examiners found that the bank's distribution

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<sup>36</sup> The Cardinal Bank Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed the bank's loans reported pursuant to the HMDA and the CRA for 2013, 2014, and the first two quarters of 2015. The evaluation period for the Investment Test and the Service Test was April 30, 2013, through September 29, 2015. The Cardinal Bank Evaluation included a full-scope evaluation of the Washington CSA.

of borrowers reflected a good penetration among retail customers of different income levels. Additionally, examiners found that the bank used flexible lending practices in order to serve the assessment area's credit needs. Examiners noted that the bank made a relatively high level of community development loans and that these loans were responsive to the community's credit needs.

Examiners found that Cardinal Bank had a significant level of qualified community development investments and grants and that the bank occasionally acted in a leadership position for such investments. Examiners noted that the bank exhibited a good responsiveness to the credit and community economic development needs of its assessment area.

Examiners found Cardinal Bank's delivery systems to be accessible to essentially all portions of the bank's assessment area. Examiners noted that the bank's opening and closing of branches had not adversely affected the accessibility of its delivery systems. Additionally, examiners noted that the bank's services did not vary in a way that inconvenienced portions of its assessment area or any group of individuals. Examiners also noted that the bank provided a relatively high level of community development services in its assessment area.

#### *Additional Supervisory Reviews*

The Board has considered the results of the most recent consumer compliance examinations of United Bank-Virginia and United Bank-West Virginia conducted by Reserve Bank examiners, which included a review of the banks' compliance risk-management program and the banks' compliance with consumer protection laws and regulations. As part of the consumer compliance examinations, Reserve Bank examiners also evaluated United Bank-Virginia's and United Bank-West Virginia's fair lending compliance management program, including the banks' fair lending-related policies, procedures, and limits; board and senior management oversight of the banks' fair lending management program; fair lending risk-monitoring and management information systems; and internal controls relating to fair lending.

The Board also has considered the results of a recent consumer compliance examination of Cardinal Bank conducted by FDIC examiners, which included a review of the bank's compliance risk-management program and the bank's compliance with consumer protection laws and regulations.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. United represents that it plans to continue its current offering of products and services upon consummation of the proposal. United also represents that existing customers of Cardinal Bank would have access to a more extensive complement of products and services than those currently available to them, including new or enhanced products and services in areas such as brokerage services, custody, trust and estate services, business checking products and services, cash management, government contract lending, and nonprofit services. Additionally, United asserts that customers of Cardinal Bank would benefit from a more expansive branch and ATM network. United also represents that existing customers of United Bank-Virginia would benefit from access to products and services offered by George Mason. United represents that the proposal would create an expanded product offering for first-time home buyers and provide additional opportunities for United Bank-Virginia's LMI customers.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the CRA records of the relevant depository institutions involved, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by United, the public comments on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs considerations are consistent with approval.

The Board also expects United to continue to improve its performance under the investment tests in West Virginia and Pennsylvania and to ensure that its efforts

to help meet the convenience and needs of the communities it serves are commensurate with its size, activities, and prominence in its communities.

### Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) amended section 3 of the BHC Act and the Bank Merger Act to require the Board to consider a proposal’s risk “to the stability of the United States banking or financial system.”<sup>37</sup>

To assess the likely effect of a proposed transaction on the stability of the U.S. banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.<sup>38</sup> These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.<sup>39</sup>

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that results in a firm with less than \$100 billion in

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<sup>37</sup> Sections 604(d) and (f) of the Dodd-Frank Act, Pub. L. No. 111-203, 124 Stat. 1376, 1601–1602, codified at 12 U.S.C. §§ 1842(c)(7) and 1828(c)(5).

<sup>38</sup> Many of the metrics considered by the Board measure an institution’s activities relative to the U.S. financial system.

<sup>39</sup> For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order 2012-2 (February 14, 2012).

total assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.<sup>40</sup>

In this case, the Board has considered information relevant to risks to the stability of the U.S. banking or financial system. The proposal involves a target that is less than \$10 billion in assets and a pro forma organization of less than \$100 billion in assets. Both the acquirer and the target are predominately engaged in a variety of retail commercial banking activities.<sup>41</sup> The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

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<sup>40</sup> See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

<sup>41</sup> In each of the activities in which it engages, United has, and as a result of the proposal would continue to have, a small market share on a nationwide basis, and numerous competitors would remain for these services.

### Establishment of Branches

United Bank-Virginia has applied under section 9 of the FRA to establish branches at the current locations of Cardinal Bank.<sup>42</sup> The Board has assessed the factors it is required to consider when reviewing an application under that section.<sup>43</sup>

Specifically, the Board has considered United Bank-Virginia's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.<sup>44</sup> For the reasons discussed in this order, the Board finds these factors to be consistent with approval.

### Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.<sup>45</sup> In reaching its conclusion, the

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<sup>42</sup> 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. Thus, state member banks may retain any branch following a merger that, under state law, may be established as a new branch of the resulting bank or retained as an existing branch of the resulting bank. See 12 U.S.C. §§ 36(b)(2) and (c). Upon consummation, all of United Bank-Virginia's branches would be permissible under applicable state law. See D.C. Code § 26-735(b); Md. Code, Com. Law § 5-1003(a)(3); Va. Code Ann. § 6.2-831.

<sup>43</sup> 12 U.S.C. § 322; 12 CFR 208.6.

<sup>44</sup> Upon consummation of the proposed transaction, United Bank-Virginia's investments in bank premises would remain within legal requirements under 12 CFR 208.21.

<sup>45</sup> A commenter requested that the Board hold public hearings or meetings on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any application unless the appropriate supervisory authorities for the bank to be acquired make a timely written recommendation of denial of the application. 12 U.S.C. § 1842(b); 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also may, in its discretion, hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately represent their views. The Board has considered the commenter's request in light of all the facts of record. Notice of the proposal was published in the Federal Register on October 27, 2016, and in a relevant newspaper of general circulation (The Washington Post) on October 20, October 27, and November 10, 2016. The comment period ended on November 25, 2016. In the Board's view, the commenter has had ample

Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, the FRA, and other applicable statutes. Approval of this proposal is specifically conditioned on compliance by UBI and UBV with all the conditions set forth in this Order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the proposal. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this Order or later than three months thereafter, unless such period is extended for good cause by the Board or by the Reserve Bank acting under delegated authority.

By order of the Board of Governors,<sup>46</sup> effective April 6, 2017.

*Margaret McCloskey Shanks (signed)*

Margaret McCloskey Shanks  
Deputy Secretary of the Board

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opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered in acting on the proposal. The commenter's request did not identify disputed issues of fact material to the Board's decision that would be clarified by a public meeting. In addition, the request did not demonstrate why written comments do not present the commenter's views adequately or why a hearing or meeting otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing or meeting on the proposal is denied.

<sup>46</sup> Voting for this action: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Appendix

Branches to be Established by United

**District of Columbia Branches**

1776 K Street, NW  
Washington, DC 20006

1825 Wisconsin Avenue, NW  
Washington, DC 20007

**Maryland Branches**

7315 Wisconsin Avenue  
Bethesda, Maryland 20814

1807 Rockville Pike  
Rockville, Maryland 20852

**Virginia Branches**

1737 King Street  
Alexandria, Virginia 22314

4115 Annandale Road  
Annandale, Virginia 22003

5335 Lee Highway  
Arlington, Virginia 22207

2100 North Glebe Road  
Arlington, Virginia 22207

2505 Wilson Boulevard  
Arlington, Virginia 22201

6402 Williamsburg Boulevard  
Arlington, Virginia 22207

4300 Wilson Boulevard  
Suite 102  
Arlington, Virginia 22203

Branches to be Established by United

14000 Sullyfield Circle  
Chantilly, Virginia 20151

5766 Union Mill Road  
Clifton, Virginia 20124

10695-B Braddock Road  
Fairfax, Virginia 22032

4100 Monument Corner Drive  
Fairfax, Virginia 22030

10641 Fairfax Boulevard  
Fairfax, Virginia 22030

501 C Jefferson Davis Highway  
Fredericksburg, Virginia 22401

7905 Heritage Village Plaza  
Gainesville, Virginia 20155

199 Elden Street  
Herndon, Virginia 20170

20 Catoctin Circle SE  
Leesburg, Virginia 20175

9626 Center Street  
Manassas, Virginia 20110

8270 Greensboro Drive  
Suite 500  
McLean, Virginia 22102

1451 Dolly Madison Boulevard  
McLean, Virginia 22101

Branches to be Established by United

440 East Main Street  
Purcellville, Virginia 20132

1900 Centennial Park Drive  
Reston, Virginia 20191

289 Garrisonville Road  
Stafford, Virginia 22554

46005 Regal Plaza Street 180  
Sterling, Virginia 20165

133 Maple Avenue  
Vienna, Virginia 22180

13870 Smoketown Road  
Woodbridge, Virginia 22192